

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 COME-00 EB-11 AGR-20 AID-20 TRSE-00

USIA-15 CIAE-00 INR-10 NSAE-00 RSC-01 SSO-00 INRE-00

DRC-01 OPIC-12 /111 W

----- 025792

O R 172230Z DEC 73

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 3122

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY MEXICO

UNCLAS SECTION 1 OF 2 MANAGUA 4860

E. O. 11652: N/A

TAGS: BEXP NU

SUBJECT: FY 1974 COMMERCIAL PROGRAM: NICARAGUA

REF: STATE 234462

1. WE ANTICIPATE THAT THE COMBINED EFFECTS OF THE RECONSTRUCTION OF EARTHQUAKE-DESTROYED MANAGUA, OF NICARAGUAN BALANCE OF PAYMENTS SURPLUSES IN 1972 AND 1973 AND OF THE DEVALUATION OF THE DOLLAR SHOULD BRING ABOUT AN INCREASE IN U. S. EXPORTS TO NICARAGUA, BOTH IN TOTAL VALUE AND AS A PERCENT OF TOTAL NICARAGUAN IMPORTS. IN THE FIRST 6 MONTHS OF THIS YEAR, TOTAL NICARAGUAN IMPORTS INCREASED BY 16.6 PERCENT AND U. S. MARKET SHARE IMPROVED FROM 31.3 TO 33.7 PERCENT. WE EXPECT BOTH TRENDS TO ACCELERATE IN THE REMAINDER OF 1973 AND THROUGH 1974. THERE ARE A NUMBER OF PRODUCT GROUPS IN WHICH U. S. FIRMS ARE WELL REPRESENTED AND U. S. PRODUCTS ALREADY ENJOY A FAVORABLE REPUTATION AND/OR ARE HIGHLY COMPETITIVE IN PRICE AND/OR HAVE A COMPETITIVE EDGE IN DELIVERY

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SCHEDULES BECAUSE OF THE PROXIMITY OF THE U. S. THESE

INCLUDE CONSTRUCTION MACHINERY, HEAVY DUTY TRUCKS AND FARM MACHINERY. THE U. S. SHOULD CAPTURE A LARGE SHARE OF THE MARKET FOR THESE GROUPS WITHOUT SIGNIFICANT ADDITIONAL EFFORT ON THE PART OF THE AMERICAN EMBASSY. THERE ARE OTHER PRODUCT GROUPS FOR WHICH ACTIONS ON THE PART OF THE EMBASSY HAVE GREATER POSSIBILITIES FOR PRODUCING SIGNIFICANT INCREMENTS IN U. S. SALES. IT IS FROM AMONG THESE LATTER GROUPS THAT WE HAVE CHOSEN OBJECTIVES FOR THE CAP.

2. (A) OBJECTIVE ONE: INCREASE U. S. SHARE OF TRANSPORTATION EQUIPMENT MARKET. ACTION ONE: REQUEST GON TO CHANGE STRUCTURE OF TARIFFS ON AUTOMOBILES TO ELIMINATE DISCRIMINATION AGAINST U. S. SMALL CARS IN FAVOR OF OTHER FOREIGN SMALL CARS. TARGET DATE: JUNE 30. ACTION TWO: PREPARE TRADE LIST OF DISTRIBUTORS OF AUTOMOBILES, TRUCKS AND BUSES. PREPARE TRADE LIST OF PUBLIC TRANSPORTATION COMPANIES. TARGET DATE: JANUARY 31. CONTACT PUBLIC TRANSPORTATION COMPANIES REGARDING THEIR PURCHASING PLANS AND SUBMIT TRADE OPPORTUNITIES IF U. S. PRODUCT DISTRIBUTORS NOT ALREADY ON INSIDE TRACK. ACTION THREE: RECOMMEND TO GON ONE YEAR SUSPENSION OF IMPORT DUTIES ON BUSES AS PART OF VITALLY NEEDED PROGRAM TO UPGRADE AND RATIONALIZE PUBLIC TRANSPORTATION SYSTEM. TARGET DATE: MARCH 15. ACTION FOUR: ASSIGN ONE FSL TO ESTABLISH AND MAINTAIN CONTACT WITH NATIONAL TRANSPORTATION OFFICE TO KEEP ABREAST OF DECISIONS WITH RESPECT TO PUBLIC TRANSPORTATION, ESPECIALLY NEW EQUIPMENT NEEDS.

(B) OBJECTIVE TWO: INCREASE FOOD PROCESSING AND PACKAGING MACHINERY IMPORTS FROM THE U. S. ACTION ONE: IDENTIFY ALL MAJOR POTENTIAL PURCHASERS OF FOOD PROCESSING AND PACKAGING MACHINERY. TARGET DATE: JANUARY 30. ACTION TWO: URGE BUSINESSES IDENTIFIED IN ITEM ONE TO ATTEND THE FOLLOWING INDUSTRY EXHIBITIONS: NATIONAL PACKAGING EXPOSITIONS, NEW YORK CITY, APRIL 22-25; FOOD INDUSTRIES EQUIPMENT EXHIBITION, MEXICO CITY, JUNE 24-28. COMMERCE REQUESTED TO SUPPLY 25 DESCRIPTIVE BROCHURES FOR EACH UNCLASSIFIED

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OF ABOVE EXHIBITIONS AND ARRANGE VIP TREATMENT IN NEW YORK CITY. USIS WILL PROVIDE LOCAL PUBLICITY. ACTION THREE: CONDUCT A SURVEY AND SUBMIT BY AIRGRAM AN INDUSTRY PROFILE ON FOOD PROCESSING. TARGET DATE: FEBRUARY 28. ACTION FOUR: DEVELOP AND SUBMIT AT LEAST FIVE SUBSTANTIAL TRADE OPPORTUNITIES FOR FOOD PROCESSING EQUIPMENT. TARGET DATE: JUNE 30.

(C) OBJECTIVE THREE: MAXIMIZE U. S. COMMERCIAL PARTICIPATION IN FULL RANGE OF RECONSTRUCTION ACTIVITIES. ACTION ONE: IMPROVE CONTACTS IN GON AGENCIES, WITH BUSINESSMEN AND INVESTORS CONCERNED WITH RECONSTRUCTION TO IDENTIFY TARGETS OF OPPORTUNITY. THIS WILL INVOLVE REGULAR CONTACT WITH PRIVATE SECTOR LEADERS AND RESPONSIBLE OFFICIALS OF GON AGENCIES INCLUDING VICE MINISTRY FOR RECONSTRUCTION; MINISTRY OF ECONOMY, OFFICE OF TRANSPORTATION; MINISTRY OF PUBLIC WORKS; CENTRAL BANK. APPROXIMATELY \$300 OF REPRESENTATIONAL FUNDS WILL BE USED FOR THE PURPOSE OF MAINTAINING THESE CONTACTS. ACTION TWO: REQUEST THAT THE GON EXTEND BID DEADLINES ON ALL GON-FINANCED PROJECTS FROM AN AVERAGE OF 45 TO 60 DAYS. THIS ACTION WILL FACILITATE U. S. FIRMS PARTICIPATION IN BIDDING AND FULFILL GON STATED OBJECTIVE OF INCREASING COMPETITIVENESS AND LOWERING PRICES FOR ITS PROJECTS. (IN THIS CONNECTION, WE NOTE THAT USAID REGULATIONS REQUIRE 45 DAY DEADLINES ON USAID FINANCED PROJECTS.) TARGET DATE: JUNE 30. ACTION THREE: SURVEY HARDWARE DEALERS AND SUBMIT FIVE TRADE OPPORTUNITIES FOR BUILDING MATERIALS. TARGET DATE: JUNE 30.
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(D) OBJECTIVE FOUR: ASSURE U. S. SIGNIFICANT SHARE OF NICARAGUAN MARKET FOR HOSPITAL AND MEDICAL EQUIPMENT. (COMMERCIAL SECTION HAS ALREADY BEGUN WORK ON THIS OBJECTIVE.) ACTION ONE: AN INDUSTRY PROFILE WAS COMPLETED AND SENT TO WASHINGTON ON DECEMBER 13 (A-77). ACTION TWO: MAINTAIN CONTACT WITH OFFICIALS AND PRIVATE INVESTORS CONCERNED WITH HOSPITAL CONSTRUCTION AND REPORT TRADE OPPORTUNITIES AS THEY ARISE. ACTION THREE: PROMOTE ATTENDENCE BY LOCAL DISTRIBUTOR/ END USERS OF HOSPITAL AND MEDICAL EQUIPMENT AT THE AMERICAN EMBASSY, SAN JOSE SEMINAR IN HOSPITAL ADMINISTRATION IN JUNE.

(E) OBJECTIVE FIVE: IMPROVE ALLOCATION OF EMBASSY'S AVAILABLE RESOURCES; ACTION ONE: UPGRADE COMMERCIAL LIBRARY WHICH SUFFERED CONSIDERABLE LOSS IN EARTHQUAKE. OBTAIN FROM COMMERCE A LIST OF RECOMMENDED REFERENCE BOOKS AND PERIODICALS. TARGET DATE: FEBRUARY 1. ORDER SAME PLUS SUBSCRIPTIONS TO LEADING U. S. BUSINESS MAGAZINES. INSTALL NEW BOOKSHELVES AND MAGAZINE RACKS. TARGET DATE: FEBRUARY 28. USIS TO PUBLICIZE FACILITY UNCLASSIFIED

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WHEN IMPROVEMENTS COMPLETED. TARGET DATE: MARCH 31. COST \$800. ACTION TWO: PREPARE AN UP-TO-DATE BRIEFING KIT FOR U. S. BUSINESSMEN TO REDUCE THE TIME SPENT BY FSO/FSL'S WITH COMMERCIAL VISITORS. KIT WILL INCLUDE BASIC ECONOMIC DATA ON NICARAGUA AND RECENT UNCLASSIFIED REPORTS SUCH AS TRADE OUTLOOK ARTICLE, ECONOMIC TRENDS REPORT, ETC. TARGET DATE JANUARY 15. ACTION THREE: INCREASE RESPONSIBILITIES OF ECONOMIC/COMMERCIAL SECTION AMERICAN SECRETARY WHO, EFFECTIVE IMMEDIATELY, WILL HAVE ACTION ON ALL INCOMING MESSAGES WHICH REQUIRE ROUTINE DIPLOMATIC NOTES OR LETTERS TO LOCAL OFFICIALS ON SUBJECTS AS SUGAR QUOTAS, MEAT INSPECTION STANDARDS, CHANGES TO FDA REGULATIONS, ETC. AMERICAN SECRETARY WILL ALSO MAINTAIN SUSPENSE FILES ON ALL ACTION MESSAGES AND INSURE WTDR DEADLINES ARE MET. LOCAL SECRETARY WILL BE TRAINED TO HANDLE VISITOR REQUESTS FOR

INFORMATION THAT CAN BE ANSWERED FROM COMMERCIAL LIBRARY SOURCES OR UNCLASSIFIED FILES. ACTION FOUR: EXPAND INPUT OF USIS SKILLS AND FACILITIES INTO COMMERCIAL PROGRAM. USIS WILL PROVIDE EDITORIAL AND PRODUCTION ASSISTANCE IN REVISING THE COMMERCIAL NEWSLETTER INTO A MORE ATTRACTIVE AND READABLE PUBLICATION BY MARCH 15. USIS WILL REGULARLY FEATURE COMMERCIAL NEWS TARGETED TO LOCAL AUDIENCE ON ITS WEEKLY TELEVISION AND

RADIO SHOWS. USIS WILL ALSO ARRANGE COMMERCIAL
DISPLAYS FOR ITS EXHIBITION AREA IN THE NEW
EMBASSY WHEN COMPLETED.
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